

Message Text

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47

ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AF-10 ARA-16 EA-11 NEA-10

RSC-01 OIC-04 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07

PA-04 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

PRS-01 SP-03 FEA-02 OMB-01 SWF-02 SSO-00 INRE-00

USIE-00 NSCE-00 SIL-01 DRC-01 /231 W
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FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 5489

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

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PASS STR AND TREASURY

E.O. 11652: N/A

TAGS: ETRD, GATT, IT

SUBJECT: ITALIAN IMPORT MEASURES

REF: EC BRUSSELS 2613

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1. ITALIAN MISSION HAS NOTIFIED GATT SECRETARIAT OF

IMPORT MEASURES REFTEL. NOTICE CONFINED TO FACTS OF MEASURES AND DID NOT REFER TO ANY PROVISION OF GATT.

2. SECRETARIAT THINKS COUNCIL SHOULD BE CONVENED AS SOON AS POSSIBLE (PATTERSON THINKS POSSIBLY FRIDAY, MAY 3) TO SET UP WORKING PARTY TO CONSIDER MEASURES. NO REACTION YET FROM ITALIANS TO THIS PROPOSAL. SECRETARIAT CONSIDERS UK IMPORT DEPOSIT MEASURES OF 1968 AS PROCEDURAL PRECEDENT.

3. SECRETARIAT HAS ASKED IMF WHETHER ANY CONSIDERATION OF OR ACTION ON MEASURES BUT HAS NOT RECEIVED RESPONSE. OUR QUERY TO LOCAL IMF REP ALSO ELICITED NO INFORMATION.

4. ACCORDING TO SECRETARIAT, UK PRIOR DEPOSITS IN 1968 WERE ONLY RECENT EXAMPLE OF SUCH ACTION BY DEVELOPED COUNTRY. MEASURES WERE REPORTED BY BRITISH AT NOVEMBER 1968 SESSION OF CPS (L/3140), ON FIRST WORKING DAY AFTER APPROVAL BY PARLIAMENT, AS NECESSARY TO RESTORE BOP EQUILIBRIUM; UK DID NOT INVOKE ANY PARTICULAR GATT ARTICLE. CPS IMMEDIATELY FORMED WP TO EXAMINE BUT WP DELIBERATELY POSTPONED SUBSTANTIVE EXAMINATION UNTIL IMF FINDING BECAME AVAILABLE. WP REPORTED IN APRIL 1969 (L/3193) THAT, IN LIGHT IMF FINDING, MEASURES WERE NOT MORE RESTRICTIVE THAN THOSE PERMITTED IN ART XII. WP KEPT MATTER UNDER REVIEW AND MEASURES WERE TERMINATED BY UK IN DECEMBER 1970.

5. SECRETARIAT OFFICIALS CONSIDER DEPOSIT REQUIREMENTS TRADE MEASURES AND GATT ISSUE. HOWEVER QUESTION HAS BEEN DISCUSSED IN GATT REPEATEDLY WITHOUT ANY FORMAL CONCLUSION BEING REACHED. (SEE IN THIS CONNECTION COM.IND/W/48 DATED 21 DEC 1970 WHICH SURVEYS VIEWS OF CPS AS OF THAT DATE ON PRIOR DEPOSITS.)

6. COMMENT: IN PRESENT CIRCUMSTANCES ITALIAN MEASURES MUST BE REGARDED AS EXTREMELY SERIOUS MATTER. SITUATION DIFFERS FROM 1968 UK PRECEDENT IN EXISTENCE NOW BOTH OF FLOATING RATES AND OF WIDESPREAD DANGER OF SIMILAR ACTION OR OTHER RESTRICTIVE MEASURES BECAUSE OF OIL LIMITED OFFICIAL USE

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PRICE PROBLEM. IN ABSENCE OF KNOWLEDGE OF IMF CONSIDERATION OR EXPECTED CONSIDERATION, HOWEVER, IT IS DIFFICULT TO BE SURE EXACTLY HOW GATT SHOULD PROCEED. IF IMF HAS NOT APPROVED, FOR EXAMPLE, AND SHOULD PRESS ITALY TO RESCIND MEASURES, GATT WORKING PARTY MIGHT NOT BE NECESSARY OR USEFUL. ON THE OTHER HAND, LACK OF PROMPT ATTENTION IN GATT COULD BE CONSTRUED AS REFLECTING UNDULY RELAXED ATTITUDE.

7. IN CIRCUMSTANCES MISSION WOULD RECOMMEND SUPPORT FOR COUNCIL MEETING ASAP, WITH ACTION TO BE SUPPORTED AT THAT MEETING DEPENDENT INTER ALIA ON WHAT HAS HAPPENED IN FUND. ACTION REQUESTED: GUIDANCE SOONEST ON EARLY COUNCIL MEETING AND AS SOON AS POSSIBLE ON PROPOSAL THAT COUNCIL ESTABLISH WORKING PARTY.

8. ITALIAN ACTION OF COURSE HAS BEARING ON SECRETARIAT MANAGEMENT QUESTIONS GENEVA 2587 (NOTAL) TO BE DISCUSSED AT INFORMAL MEETING THURSDAY MORNING AND IS SURE TO BE DISCUSSED AT THAT MEETING.DALE

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